

Hearing Date: October 27, 2005 at 10:00 a.m.

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
	:	
DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**JOINDER OF FLEXTRONICS INTERNATIONAL ASIA-PACIFIC LTD. AND  
FLEXTRONICS TECHNOLOGY (M) SDN. BHD. IN LIMITED OBJECTIONS TO DIP  
FINANCING MOTION AND INTERIM DIP FINANCING ORDER, AND  
REQUEST FOR ADEQUATE PROTECTION FOR PRE-PETITION SETOFF  
RIGHTS AS WELL AS PRESERVATION OF RECLAMATION RIGHTS**

Flextronics International Asia-Pacific Ltd. and Flextronics Technology (M) Sdn.  
Bhd. (together, "Flextronics") hereby join in the limited objections filed with respect to the Debtors'  
Motion<sup>1</sup> for Financing, dated October 8, 2005 (Dkt. No. 42), and the Interim Order Under 11 U.S.C.  
§§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), and 364(e) and Fed. Bankr. P. 2002,  
4001 and 9014 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) to Utilize Cash  
Collateral, (III) Granting Adequate Protection to Prepetition Secured Parties and (IV) Scheduling  
Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c), dated October 12, 2005 (Dkt. No. 164)

<sup>1</sup> All capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Interim DIP Financing Motion (as defined below).



(the “Interim DIP Financing Order”), and request adequate protection for their pre-petition setoff right as well as preservation of their reclamation rights.

Flextronics supports the Debtors’ request for the Financing and does not oppose the entry of the Final Order, but Flextronics files this limited objection to the Motion and the Interim DIP Financing Order to request that the Court modify the Final Order to expressly provide that the relief granted therein, and pursuant to the Motion and the Financing, does not impair or subordinate Flextronics’ setoff or reclamation rights.

### **PRESERVATION OF SETOFF RIGHTS**

1. Flextronics is a supplier to one or more of the Debtors. In the ordinary course of business, one or more of the Debtors are indebted to Flextronics for goods manufactured and sold by Flextronics to one or more of the Debtors, and Flextronics may be indebted to one or more of the Debtors for various credits, overpayments, or other sums, in certain amounts, some of which are yet to be determined.<sup>2</sup> As such, because these claims arise pre-petition and satisfy the mutuality requirement, Flextronics has a valid right of setoff with respect to such claims involving one or more of the Debtors.

2. Flextronics joins in the limited objections filed by Robert Bosch Corporation and affiliates (Dkt. No. 428); Mercedes-Benz U.S. International, Inc. (Dkt. No. 435); Venture Plastics, Inc. (Dkt. No. 436); Calsonic Kansei North America, Inc. (Dkt. No. 442); DaimlerChrysler Motors Company (Dkt. No. 450); Decatur Plastic Products, Inc. (Dkt. No. 451); Gibbs Die Casting Corporation (Dkt. No. 455); Lorentson Manufacturing Company, Inc. (Dkt. No. 458); Autocam Corporation (Dkt. No. 459); Lorentson Manufacturing Company Southwest, Inc. (Dkt. No. 461); and Freescale Semiconductor, Inc. (Dkt. No. 501) (collectively, the “Limited Objections”) with respect to

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<sup>2</sup> In addition to its pre-petition setoff claims, Flextronics will likely have post-petition setoff claims arise against one or more of the Debtors in the ordinary course of business.



their request that the right of setoff be preserved for all suppliers to the Debtors. Flextronics' right of setoff should be adequately protected in the form of priority over the liens and claims to be granted to the Agent, the DIP Lenders, the Pre-Petition Agent and the Pre-Petition Secured Lenders pursuant to the Motion and the Financing. Flextronics objects to the relief requested in the Motion to the extent that its right of setoff is modified or eliminated in any respect.

**PRESERVATION OF RECLAMATION RIGHTS**

3. On October 13, 2005 and October 18, 2005, separate demands for the reclamation of goods were received by one or more of the Debtors from Flextronics with respect to goods received by one or more of the Debtors within the ten-day period prior to the Petition Date (collectively, the "Reclamation Claim"). The Reclamation Claim was asserted pursuant to Flextronics' rights under section 546(c) of the Bankruptcy Code, Section 2-702 of the Uniform Commercial Code and applicable state law, and covers approximately \$15 million of goods received by one or more of the Debtors.

4. To the extent the relief sought in the Motion modifies or eliminates the Reclamation Claim, Flextronics requests that the Final Order specifically provide that the relief granted therein, and pursuant to the Motion and the Financing, does not effect in any way any valid reclamation claim of Flextronics that existed as of the Petition Date or otherwise.

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WHEREFORE, for the reasons set forth herein, Flextronics respectfully requests that this Court grant the Motion, but modify the Final Order to expressly provide that the relief granted therein does not impact or subordinate Flextronics' setoff right or Reclamation Claim, by adding the following language to the Final Order.

*Setoff Right and Reclamation Claims of Pre-Petition Suppliers.*  
Notwithstanding anything set forth in this Order the relief granted does not (i) impair or effect the setoff rights of the Debtors' pre-petition suppliers, or (ii) impair or effect the valid reclamation claims of reclamation claimants.

The Court should grant such other and further relief as it deems just and proper.

Dated: New York, New York  
October 23, 2005

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